

# Canby Telcom

## Canby, Oregon

- Customers 7,294
- Access Lines- 9,553
- High Speed Internet \*\*\*
  - Addresses on fiber \*\*\*
  - Addresses passed w/fiber \*\*\*
  - HSI 10.0 and above \*\*\*
  - Unserved \*\*\*
- Meta Switch Activated Spring-'10
  - To Complete Conversion \$\*\*\* to \$\*\*\*

# Canby Telcom Financial Results

## 2009-2010

	2009	2010
Operating Revenue	<u>***</u>	<u>***</u>
Operating Expenses	<u>***</u>	<u>***</u>
Operating Margin	<u>***</u>	<u>***</u>

**\*Note: \*\*\***

# Local Switching Support Impacts

	2010 Actual	2011 Est.	2012	2013	2014
<b>Local Switching Support:</b>					
LSS - with corporate expense limitation			***	***	***
Change in LSS vs. original - corporate expense limitation only			***	***	***
LSS - phase down support			***	***	***
Change in LSS vs. original - phase down support only			***	***	***
<b>Total Local Switching Support</b>	***	***	***	***	***
<b>Local Switching Support - Est. Impact of NPRM<sup>1</sup></b>			***	***	***

<sup>1</sup> This is only a partial worst case scenario, as Canby has assumed a 3 year phase out of support, where the NPRM proposes the possibility of elimination in a single year. In addition, If LSS were to be merged with HCLS, Canby would likely lose all support, as Canby does not currently qualify for HCLS based on it's Study Area Cost Per Loop.

# Interstate Common Line Support Impacts

	2010 Actual	2011 Est.	2012	2013	2014
<b>Interstate Common Line Support:</b>					
Original CCL Revenue Requirement (2011 forecast)			***	***	***
SLC Revenues (based on 2010)			***	***	***
CCL Revenue Requirement - after corp exp phase down			***	***	***
CCL Revenue Requirement - after corp exp phase down & LSS corp exp reduced			***	***	***
Est. ICLS - with corporate expense limitation			***	***	***
Change in ICLS vs. original - corporate expense limitation only			***	***	***
<b>Total Interstate Common Line Support</b>	***	***	***	***	***
<b>ICLS - Est. Impact of NPRM (w/LSS change)</b>			***	***	***

**PUBLIC VERSION - ORIGINAL SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NOS. 96-45 AND 01-92, WC DOCKET NOS. 03-109, 05-337, 07-135, AND 10-90, AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**

# Total Company Impacts

	2010 Actual	2011 Est.	2012	2013	2014
<b>Total USF Support</b>					
<b>Federal Support Revenue Received</b>	***	***	***	***	***
<b>Total USF Adjustment Due to NPRM</b>			***	***	***
<b>Percent Reduction in USF Support from 2011 Est.</b>			***%	***%	***%
2010 Loop Count (Projected)	***	***	***	***	***
<b>High Cost Support Per Loop</b>	\$***	\$***	\$***	\$***	\$***

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# Intrastate Access Revenue Impacts

	2010 Actual	2010 @ Interstate Composite	Variance from 2010 Actual	2010 @ \$0.0007	Variance from 2010 Actual
<b>Intrastate Switched Access</b>					
<b>Intrastate Switched Access Minutes of Use</b>	***	***		***	
<b>Composite Intrastate Switched Access Rate<sup>2</sup></b>	\$***	\$***	\$***	\$***	\$***
<b>Intrastate Switched Access Revenue<sup>2</sup></b>	\$***	\$***	\$***	\$***	\$***

<sup>2</sup> Canby participates in the Oregon Exchange Carrier Association (OECA) switched access pool, therefore the 2010 revenues and composite rate are based on Canby's switched access revenue requirement. To the extent that intrastate switched access rates are adjusted to interstate rates or \$0.0007, or some other non cost based rate, OECA pool members would need to recover these lost revenues from Intrastate USF, Interstate USF (CAF), or increases in end user rates.

# Quantified Financial Impact of LCR

## (Terminating Access)

### July (August 1 bill date)

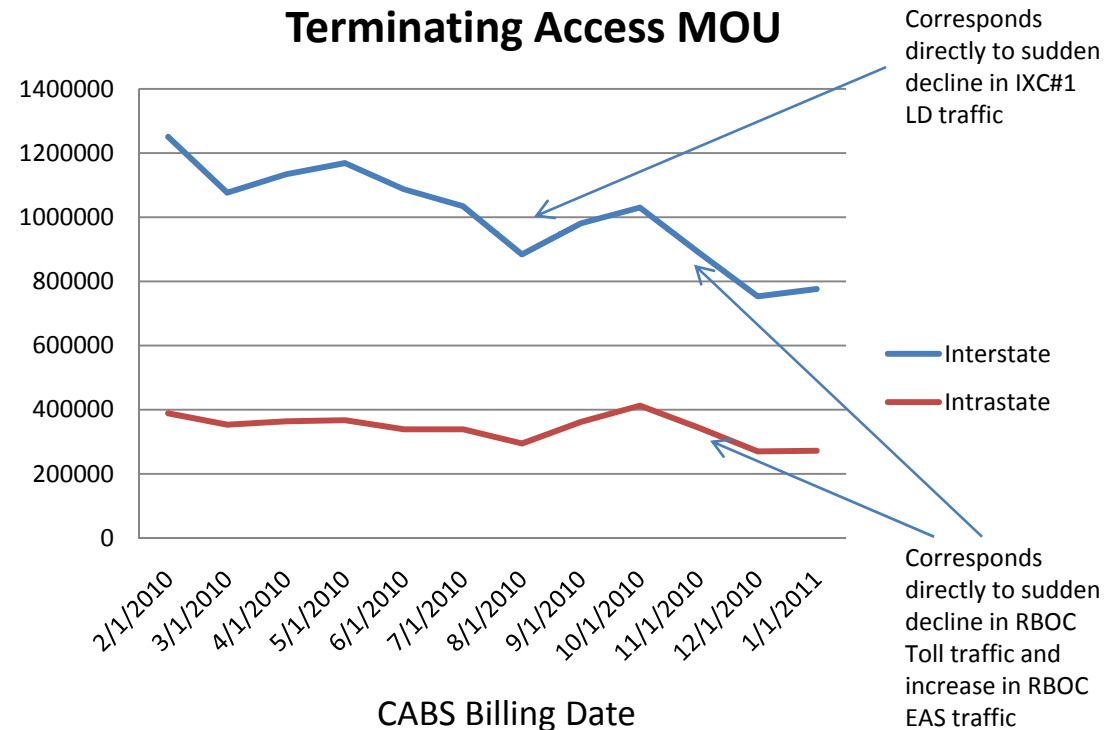
- 17.73% decrease in Interstate MOU
- 13.47% decrease in Intrastate MOU
- Total revenue decrease >\$\*\*\* for July terminating access traffic

### October (November 1 bill date)

- 33.74% decrease in Interstate MOU
- 30.92% decrease in Intrastate MOU
- Total revenue decrease for the month of October > \$\*\*\*

### November (December 1 bill date)

- 32.35% decrease in Interstate MOU
- 44.05% decrease in Intrastate MOU
- Total revenue decrease for the month of November > \$\*\*\*



The IXCs may argue that our terminating access MOU is due to our declining access line count, but our access line count remains largely unchanged from Jan 2010 (\*\*\*) through Jan 2011 (\*\*\*). More importantly, the data shows LCR is the most likely cause . . .

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# Unmeasured Financial Impact of LCR

Example: (971) 230-\*\*\*\*

During the week of January 23, 2011:

- Canby Telcom received a total of 513,836 inbound calls from 69,481 unique TNs throughout North America
- **27,082**, or **5.27%** of the total inbound calls to Canby appear to originate from a single number, (971) 230-\*\*\*\*, and all were routed to the \*\*\* tandem and then to Canby. Since these calls appear to both the tandem and Canby as “local” calls, billing records are not generated.
- Call-by-call analysis shows (971) 230-\*\*\*\* is actually the “Charge Number,” and the actual originating numbers are thousands of different NPA/NXXs throughout North America. Not one of these calls actually originated from (971) 230-\*\*\*.
- Additionally, as much as **13.2%** of the calls involving (971) 230-\*\*\*\* have actual originating numbers that have clearly been intentionally spoofed and in some cases stripped completely, in order to further disguise the true call jurisdiction and prevent billing.
- Only one of these 27,082 calls included a CIC code.
- (971) 230-\*\*\*\* will account for between 1.4 million and 1.5 million unbillable Interstate and Intrastate toll calls to Canby in 2011, and this is just the first access avoidance scheme we have found.

Note: The calls from (971) 230-\*\*\*\* account for more calls to Canby end-users than the next 10 highest originating TNs (all large businesses in Canby), and also *account for more calls than the bottom 65,000 unique originating TNs combined*.

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